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OFFICE OF THE COUNTY AUDITOR INTEROFFICE MEMORANDUM

TO: All Council Members
FROM: Lauren M. Smelkinson, County Auditor *LMS*
DATE: February 12, 2013
SUBJECT: Addendum to Council Meeting Notes

Please find attached an addendum (FM-2) to the Council Meeting Notes issued February 7, 2013.

This item will be discussed at the February 12, 2013 work session for the February 19, 2013 Council meeting.

Attachment

cc: notes distribution list

FM-2 (6 Contracts)

Council District(s) All

Office of Budget and Finance

Claims Surveillance and Investigative Services

The Administration is requesting approval of six contracts for insurance and disability claims-related surveillance and investigative services on an as-needed basis. The contracts commenced August 6, 2012, continue until February 28, 2013, and may not exceed \$25,000, unless approved by the Council. If approved, the contracts will continue through August 5, 2013 and will automatically renew for four additional 1-year periods with an option to further extend the initial term or any renewal term an additional 90 days. The contracts do not specify a maximum compensation for the initial term. Compensation for the six contractors combined may not exceed \$500,000 over the entire 5-year and 3-month term, including the renewal and extension periods.

Fiscal Summary

Funding Source	Combined Maximum Compensation	Notes
County ⁽¹⁾	\$ 500,000	⁽¹⁾ Self Insurance or Retirement System Funds, depending on the nature of the work. ⁽²⁾ Maximum compensation for the six contractors combined for the entire 5-year and 3-month term, including the renewal and extension periods. The contracts do not specify a maximum compensation for the initial 1-year term.
State	--	
Federal	--	
Other	--	
Total	<u>\$ 500,000</u> ⁽²⁾	

Analysis

The six contractors are: Commercial Index Bureau, Inc.; Comprehensive Investigations, Inc.; Inquest, Inc.; Litigations Solutions, LLC; Maryland Claims Investigation, Inc.; and Tyson Investigative Services, Inc. The contractors will provide insurance and disability claims-related

surveillance and investigative services. Services will include, but are not limited to, conducting video and still camera surveillance, interviewing and recording testimony of subjects/witnesses, providing verbal and written reports, serving subpoenas, and testifying in court or at a hearing. These services will be performed in conjunction with the County's administration of its self-insurance and retirement programs.

The contractors will furnish all labor, equipment, supplies, and materials to provide these services. Hourly rates range from \$55 to \$62, and mileage rates range from \$0.48 to \$0.555, depending on the contractor. The Office advised that work will be assigned depending upon the investigator's availability and background; contractors are not guaranteed a minimum amount of work.

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The contractors were selected through a competitive procurement process based on experience and qualifications from 10 responsive proposals received. The Office expects to present one additional contract with Insight Service Group, Inc. for Council approval in the near future once the contractor is in good standing with the Maryland State Department of Assessments and Taxation.

On August 6, 2001, the Council approved similar 11-year contracts with six contractors with combined compensation not to exceed \$1,538,079. On January 2, 2007, the Council approved an amendment to the four contracts remaining in effect to increase the combined compensation cap to \$2,801,262 due to higher than expected level of services. The Office advised that combined expenditures under these contracts totaled \$1,581,830. The Office further advised that since the contracts expired on August 5, 2012, Maryland Claims Investigation, Inc. has provided services totaling \$3,510 as of February 6, 2013. In addition, the Office advised that

Baltimore County's Workers' Compensation third-party administrator (CorVel Enterprise Comp, Inc.) used these contracts for services totaling \$102,283 for the period August 6, 2012 through December 31, 2012; the Office was not able to provide a breakdown of these costs by contractor.

County Charter, Section 715, requires that "any contract must be approved by the County Council before it is executed if the contract is...for services for a term in excess of two years or involving the expenditure of more than \$25,000 per year...."